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## Legal Challenges Faced by Start-ups in India: A Corporate Law Perspective

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*India has witnessed a surge in the startup ecosystem, which has led to economic growth, employment, and innovation. The government has supported startups under the Startup India initiative, but they have to navigate a complex array of legal and regulatory issues arising from business legislation. The paper undertakes a critical analysis of the legal regime governing startups in India, with a focus on the Companies Act, 2013, Limited Liability Partnership Act, 2008, and the role played by regulatory bodies like the Securities Exchange Board of India and the Ministry of Corporate Affairs. It identifies the key legal issues faced by startups, which include incorporation, regulatory issues, financial constraints, taxation, protection of intellectual property rights, and corporate issues. The paper also focuses on the impact of recent legal and regulatory changes, which include changes to company legislation and making it easier to conduct business in the country. The Insolvency and Bankruptcy legislation, 2016, focuses on insolvency and bankruptcy procedures, which have given importance to the real-life issues faced by corporates while undergoing bankruptcy procedures. It compares the regulatory environment in India with what is in place in other countries across the globe, identifies the structural issues, and undertakes a critical analysis of the current legal regime. The paper offers suggestions on changes to the legal regime to create a conducive corporate legal environment in the country, which is supportive and flexible to startups. The paper concludes with an analysis that, despite the country having achieved milestones in the startup ecosystem, there is an urgent need to create a simple regulatory environment geared towards startups to address new issues effectively.*

**Keywords:** *start-ups, corporate law, regulatory compliance, corporate governance, insolvency, bankruptcy.*

## **INTRODUCTION**

In recent times, India has emerged as one of the fastest-growing startup ecosystems worldwide. This growth has significantly contributed to job creation, economic growth, and innovation. Programs such as Startup India, which aim to simplify the process of doing business and promote entrepreneurship, have helped the growth of technology-based businesses.

The Indian startup ecosystem operates under a complex legal and regulatory environment that is largely governed by the Companies Act 2013 and the Limited Liability Partnership Act 2008. The Securities Exchange Board of India and the Ministry of Corporate Affairs are essential regulatory bodies that help govern compliance, transparency, and investor protection. The implementation of these acts for startup businesses often results in procedural complexities.

Startups experience various challenges from a business law perspective. These include issues related to startup incorporation, regulatory compliance, financial constraints, taxation, intellectual property rights, corporate governance, and other related factors. These issues are further complicated by the inflexibility of the Indian legal system, which may not be entirely conducive to the dynamic and hazardous environment of startup businesses.

The purpose of this article is to assess the legal issues that Indian startups experience from a corporate law perspective. This study will assess the effectiveness of the exit options available to Indian startups under the Insolvency and Bankruptcy Code 2016. Additionally, this study will assess the existing regulatory environment, recent developments, and changes to the regulatory environment. This study will be conducted using a comparative analysis to determine the loopholes of the Indian regulatory environment. This study will be limited to the commercial legal issues that Indian startups experience by focusing on the legislative provisions, regulatory processes, and policy processes. This study will be largely of a normative nature, relying on the analysis of the regulatory environment, research articles, and policy documents.

## **CORPORATE LEGAL FRAMEWORK GOVERNING START-UPS IN INDIA**

The legal framework that governs start-ups in India is mainly based on corporate law legislation that is backed by regulatory authorities and government policy. Apart from encouraging start-

ups and ease of business, the framework provides legal recognition, ensures compliance, and facilitates business operations.

The majority of start-ups in India are registered under the Companies Act 2013 or the Limited Liability Partnership Act 2008. The most common start-up business structures are one-person companies (OPCs), limited liability partnerships (LLPs), and private limited companies. Of these three business structures, the most popular is the private limited company structure because of the higher degree of freedom in capital acquisition. The registration of start-ups with the Registrar of Companies through the Ministry of Corporate Affairs website is part of the start-up incorporation process. Though the process is online, there is still paperwork involved that may be cumbersome for start-ups<sup>1</sup>.

Start-ups are regulated by multiple regulatory bodies. The Ministry of Corporate Affairs is responsible for enforcing company laws and ensuring that there is compliance with laws. The Securities Exchange Board of India is critical in regulating capital markets, especially when start-ups raise capital through shares or securities. In addition to this, the Department for Promotion of Industry and Internal Trade provides official recognition to start-ups and facilitates their application for government incentives. Though this regulatory framework is beneficial in ensuring start-up responsibility, it is cumbersome to have to deal with multiple regulatory bodies.

The corporate laws impose several regulatory requirements on new businesses. These include maintaining financial records, filing annual returns, and complying with corporate governance codes. The regulatory burden remains high despite several relaxations provided to new businesses and small-scale businesses. While these are important to ensure transparency and protection to investors, they can create administrative headaches and take away focus from running the business<sup>2</sup>.

The securities laws regulate an important part of the startup growth journey, which is finance. Private equity finance, angel investors, and venture capital are some sources of finance for

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<sup>1</sup> Harshita Bindaiya, 'LEGAL FRAMEWORK FOR STARTUPS IN INDIA' in Adarsh Pandey et al. (eds), *CONTOURS OF CONTEMPORARY LEGAL RESEARCH: A MULTIDISCIPLINARY PERSPECTIVE* (vol 1, Zykra Publications 2025)

<sup>2</sup> Lakshita Aarya and Shreya Shekhar, 'Corporate Governance in Startups' (2025) SSRN <<https://ssrn.com/abstract=5787282>> accessed 15 March 2026

startups. The laws relating to these operations are regulated by SEBI. This includes laws relating to investor protection, disclosure norms, and the issue of shares. Complying with RBI regulations and standards relating to Foreign Direct Investment is a necessity in all cases where foreign investment is involved. While these regulatory requirements are important, they can delay the process of finance. The Startup India initiative is perhaps the most prominent among several initiatives taken by the Indian government to promote entrepreneurship in the country. Several benefits are provided to startups under this initiative. These benefits include exemption from taxes, regulatory ease, and access to finance. Institutional support in the form of incubators and accelerators also provides backing to entrepreneurship. However, several challenges are associated with its successful implementation<sup>3</sup>.

The start-ups are required to abide by intellectual property laws as well as corporate laws to protect their innovations and business plans. Keeping a competitive advantage involves registering patents, trademarks, and copyrights. However, most start-ups are not using the available legal avenues to their fullest potential because the process of acquiring intellectual property protection is time-consuming and expensive.

### **KEY LEGAL CHALLENGES FACED BY START-UPS**

Due to the intricacy and inflexibility of the regulatory environment for businesses in India, several legal issues face new businesses. In spite of initiatives like Startup India, which provide support to new businesses, several challenges face new businesses due to the practical application of laws.

The most important challenge is the regulatory environment and complexities in complying with laws under the Companies Act 2013 and other applicable laws. Several legal obligations need to be complied with by new businesses, which include maintaining records, filing returns, etc. These are complex and can be costly for new businesses due to their limited resources. In

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<sup>3</sup> Kaushik Akiwatkar, 'UNDERSTANDING STRUCTURE OF BUSINESS INCUBATORS, STARTUPS AND GOVERNMENT POLICIES (FOSTERING ENTREPRENEURSHIP CULTURE) IN INDIAN CONTEXT' (Conference: International Conference on Developing Indian Economy as an Engine for Job Creation: Role of Make in India, Digital India, Start-up India and Skill India, Ahmedabad, Gujarat, India, 2016)

addition to these challenges, several laws and regulatory complexities can also lead to non-compliance<sup>4</sup>.

The issue of taxation and regulatory uncertainty is very closely related to this issue. Several challenges face new businesses in complying with complex laws in taxation. These include angel taxes, GST laws, etc., which are not very clear. This can also give rise to potential conflicts and litigation, which can impact several other issues. The next important challenge is regulatory barriers and financial constraints. Venture capital and angel investments are examples of external sources that are relied upon by new businesses. The process of raising funds is sometimes affected due to several regulatory restrictions in protecting investors' interests and disclosing information to investors. The process can be lengthy due to formalities, and can be discouraging to potential investors due to legal restrictions<sup>5</sup>.

Contract and corporate governance issues, including those related to shareholder agreements, founder rights, and investor control, are also challenges faced by startup firms. Disagreements between founders and investors are possible if there are no proper corporate governance systems, which might have an impact on the stability of the startup firm. Although compliance with corporate governance norms is a must, it increases the burden of regulatory compliance for startup firms.

Operational compliance with different legal sectors, including labour laws, environmental laws, and industry-specific restrictions, is an important factor. The restrictions imposed by these laws are often rigorous, which affects the startup firms' ability to respond to changing business environments. The complexity of these laws increases the cost of operating a startup firm<sup>6</sup>.

Furthermore, intellectual property rights are an important factor which has been a major challenge for startup firms. Although there are legal provisions for protecting intellectual

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<sup>4</sup> Dr. Kamal Joshi, 'START-UPS IN INDIA: IDENTIFYING AND ANALYSING MAJOR OBSTACLES TO SUCCESS' (2025) 32(2) aWEshkar A Peer Reviewed Research Journal <[https://www.researchgate.net/publication/401277123\\_START-UPS\\_IN\\_INDIA\\_IDENTIFYING\\_AND\\_ANALYSING\\_MAJOR\\_OBSTACLES\\_TO\\_SUCCESS\\_-\\_~:text=Start-ups,characterised by their,India' initiative addresses these challenges.>](https://www.researchgate.net/publication/401277123_START-UPS_IN_INDIA_IDENTIFYING_AND_ANALYSING_MAJOR_OBSTACLES_TO_SUCCESS_-_~:text=Start-ups,characterised%20by%20their,India%27%20initiative%20addresses%20these%20challenges.>) accessed 15 March 2026

<sup>5</sup> Jalaja Lakshminarayanan, 'START UP FINANCING IN INDIA -AVENUES AND CHALLENGES' (2022) 19(2) PJAEE <<https://doi.org/10.13140/RG.2.2.12814.13123>> accessed 15 March 2026

<sup>6</sup> Leelavathi C, 'OPPORTUNITIES & CHALLENGES OF STARTUPS IN INDIA' (2023) 1(79) Worldwide International Inter Disciplinary Research Journal <[https://www.wiidrj.com/files/ugd/622008\\_f06f92422770415fb060fe93a61fb3e0.pdf#page=153](https://www.wiidrj.com/files/ugd/622008_f06f92422770415fb060fe93a61fb3e0.pdf#page=153)> accessed 15 March 2026

property rights, including patents, trademarks, and copyrights, the process of registering these rights is time-consuming. Due to this, startup firms are less inclined towards using intellectual property rights, which might result in infringement of these rights, thereby losing their competitive edge.

These challenges, in their entirety, illustrate that despite the legal framework's aim to encourage transparency and accountability, complexity and rigidity in the legal system often pose challenges to new businesses. What is desperately needed from a business law perspective is a more flexible legal framework that encourages innovation and expansion to make compliance easier.

### **IMPACT OF RECENT AMENDMENTS AND POLICY DEVELOPMENTS**

Recent changes and policy developments have significantly impacted the legal environment in India with respect to new businesses. The changes aim at reducing regulatory hurdles, making business easier, and promoting entrepreneurial ventures, especially through initiatives like 'Startup India.'

Changes made to the Companies Act, 2013, through the Companies (Amendment) Acts of 2019 and 2020, are a major step forward. The primary aim of these changes has been the decriminalisation of offenses, which has resulted in the conversion of several minor offences related to procedural compliance into civil offences. By reducing penalties and eliminating imprisonment, for instance, changes have been made to clauses related to Sections 92 (Annual Return), 137 (Filing of Financial Statements), and 134 (Financial Statement and Board's Report). This has significantly reduced the prospect of litigation for new businesses.

Furthermore, the Companies (Amendment) Act, 2020, has made changes to over 60 sections of the Companies Act, including the introduction of new provisions and rationalisation of penalties. Changes have been made to Section 2(52), which defines a 'listed company,' as well as provisions related to Section 135, which includes corporate social responsibility, with reduced compliance for new businesses. These changes are especially beneficial for new businesses as they result in reduced regulatory costs.

Decriminalisation and internal adjudication mechanisms are also major changes made to the Companies Act, which has resulted in the recategorization of a number of offenses, with a

standardised penalty framework for many provisions. This includes changes related to sections related to the issue of securities, disclosure, and compliance. The changes aim at creating a more business-friendly environment through the decriminalisation of technical offenses that do not amount to fraud or public interest.

The changes to the tax system have also had a significant impact on the development of the startup environment. For instance, there is increased trust among investors as a result of policy developments geared toward resolving angel tax problems and offering tax exemptions for new businesses. The Startup India initiative that offers tax benefits to accredited businesses is quite similar to these changes. Despite these changes, there are still challenges to the interpretation of these laws<sup>7</sup>.

There is also increased focus on improving access to finance and institutional support. For instance, the financial hurdles for startups have been mitigated through the development of government-backed finance schemes, venture capital assistance, and credit guarantee schemes. The main aim of these schemes is to address the gap between regulatory demands and the actual financial needs of new businesses<sup>8</sup>.

In addition, there has been a significant focus on the digitalisation of business compliance processes. For instance, the Ministry of Corporate Affairs has developed online platforms for business incorporation, filing, and reporting. This has greatly increased transparency in these processes. As a result, there is increased ease of regulatory processes for businesses, offering much better access to these processes for startups.

Although there have been recent changes, especially in Sections 92, 134, 135, and 137 of the Companies Act, 2013, which have removed many of the criminal sanctions and compliance obligations, there remain practical hurdles in the implementation of the changes. Although it is

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<sup>7</sup> CA Fenil Shah, CA Dr. Marzun E. Jokhi, 'A STUDY ON EFFECT OF GOVERNMENT POLICIES ON STARTUP' (2023) 6(1) GAP Gyan <[https://www.gapgyan.org/res/articles/\(52-57\) A STUDY ON EFFECT OF GOVERNMENT POLICIES ON STARTUP.pdf](https://www.gapgyan.org/res/articles/(52-57) A STUDY ON EFFECT OF GOVERNMENT POLICIES ON STARTUP.pdf)> accessed 15 March 2026

<sup>8</sup> Anurodh Godha et al., 'Notion of Start-up India Initiative Policy Framework: Insights for Start-up to Scale-Up' (2019) 15(1) Journal of Economic Policy & Research <<https://www.proquest.com/openview/0966e99789eeaffa21be40d5dcde58ac/1?pq-origsite=gscholar&cbl=2030550>> accessed 15 March 2026

a welcome trend towards a more flexible approach in business law, further simplification is necessary to genuinely promote the growth of startups.

## **INSOLVENCY, EXIT MECHANISMS AND EMERGING LEGAL ISSUES**

Due to the inflexibility in the current corporate and insolvency legislation, Indian startups have to overcome a lot of legal hurdles while dealing with insolvency and exit. Though the Insolvency and Bankruptcy Code, 2016, has clearly outlined a mechanism to address financial distress, it is not easy for startups to resort to this mechanism, which is, in some cases, inappropriate.

If a default is made, the start-ups may resort to the Corporate Insolvency Resolution Process in accordance with the Insolvency and Bankruptcy Code. However, this is a time-consuming and costly process, which is not easy to access for small and young startups. The processes may not be suitable for the speed and resources available to startups. As a result, many startups find it difficult to emerge from this process and may opt to go into liquidation<sup>9</sup>.

Another problem is the inflexibility in the insolvency resolution mechanism. Intangible assets, which are difficult to value and realise in the insolvency mechanism, are often what startups live on. These include intellectual properties, technology, and human assets. This impacts the overall efficiency of the insolvency mechanism in the context of startups since this would result in a loss in terms of value to the creditors.

Exit options are an important part of the start-up process, but they are often cumbersome from a legal standpoint. Initial Public Offerings, Mergers and Acquisitions, and Liquidation are common forms of exit options. However, since Initial Public Offers need adherence to stringent legal norms to access capital markets, most firms find it hard to comply with the norms. In the same way, Mergers and Acquisitions are cumbersome, which might hinder the exit process<sup>10</sup>.

Due to its adverse effects on the financial condition of the firm, Liquidation, though a formal method of exit, has come to be regarded as a last resort. The process includes adherence to norms

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<sup>9</sup> Dr Sakshi Pathak and Dr Lalsa Mohini, “Start-up Ecosystem and Company Law in India: Legal Simplifications and Complexities” (2024) 35 Pen Acclaims <<https://penacclaims.com/wp-content/uploads/2025/04/Dr.-Sakshi-Pathak.pdf>> accessed 15 March 2026

<sup>10</sup> Dr R Saminathan and S Darshan, ‘A STUDY ON EXIT STRATEGY OF STARTUPS FIRMS IN INDIA – AN EMPIRICAL ANALYSIS’ (2020) 11(12) International Journal of Management <[https://iaeme.com/MasterAdmin/Journal\\_uploads/IJM/VOLUME\\_11\\_ISSUE\\_12/IJM\\_11\\_12\\_376.pdf](https://iaeme.com/MasterAdmin/Journal_uploads/IJM/VOLUME_11_ISSUE_12/IJM_11_12_376.pdf)> accessed 15 March 2026

laid down by bankruptcy and corporate laws, which might not be easy for start-ups. Delays in the liquidation process also result in a decrease in the value of the assets.

The above-mentioned scenario of business closures and restructuring has now been influenced by new legal challenges. Among them are challenges related to cross-border insolvency, digital business models, and data-related assets. The absence of a proper framework related to cross-border insolvency has created challenges for start-ups, as they have a presence in more than one country. The process of restructuring has become more complex with the emergence of legal ambiguities related to digital assets.

The absence of streamlined insolvency procedures for start-ups has become a growing challenge. The IBC has a well-structured process, but it does not take into account the needs of high-risk, innovative start-ups. This has resulted in the need for a more flexible insolvency system that works well with entrepreneurs<sup>11</sup>. Generally speaking, the Insolvency and Bankruptcy Code, 2016, has strengthened India's insolvency regime. However, the practical application of this code to startups remains limited. The need to reform this code to allow startups to exit easily is underscored by issues such as cost, regulatory rigidity, and evolving business models.

## **COMPARATIVE AND CRITICAL ANALYSIS**

When compared to other countries in the world, India's regulatory environment for start-ups exhibits considerable differences in its approach, flexibility, and effectiveness. Though India has made considerable progress in promoting entrepreneurship in the country with its policy initiatives, its legal structure in the context of doing business is still lagging in comparison to other, more established start-up ecosystems in the world.

The regulatory environment for start-ups in countries like the United States and the United Kingdom can be described as flexible and easy to comply with, with robust protection for investors. These countries provide a very simple process for incorporating a start-up, along with very few regulatory hurdles to overcome and robust conflict resolution systems in place. In contrast, India's regulatory environment under the Companies Act 2013 is still very complex,

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<sup>11</sup> Jaipal Dhobale, 'ENTREPRENEURIAL LAW AND INNOVATION: EXPLORING LEGAL BARRIERS AND ENABLERS FOR STARTUPS IN DEVELOPING NATIONS' (2025) 1(2) International Journal of Business Management and Legal Affairs <<https://ijbmla.com/index.php/home/article/view/13>> accessed 15 March 2026

with numerous regulatory and process-related steps to be followed, which increases the cost and effort involved in setting up and running a start-up<sup>12</sup>.

The regulatory environment in more developed economies is more principle-based in its approach in the context of corporate governance for start-ups. However, in India, government regulations are more process-oriented and rigid in nature, which can prove to be a challenge for start-ups. Though these regulations are in place to ensure transparency and accountability in corporate governance practices in India, they are not always sensitive to the dynamic and risky nature of start-ups<sup>13</sup>.

The regulatory environment in global ecosystems like those in the United States can be described as very robust in the context of venture capital availability and regulatory support in the context of finance and investments. In contrast, Indian start-ups face numerous regulatory challenges in the form of complex securities laws, regulatory restrictions, and taxation issues like angel taxes, which can limit growth potential and deter investment.

Structural differences can also be seen in the insolvency structures. More advanced jurisdictions provide more flexible and efficient insolvency regimes, including streamlined restructuring procedures and quicker resolution times. Though India has adopted a complete framework for insolvency resolution under the Insolvency and Bankruptcy Code, 2016, the practical application of these procedures to start-ups is limited due to procedural rigidity and exorbitant costs. This reduces the overall effectiveness of insolvency resolution for innovation-driven start-up companies<sup>14</sup>.

From a policy perspective, start-up ecosystems across the globe emphasise sustainability, innovation, and growth through integrated approaches to law and economics. In contrast, India's regulatory framework is progressive yet evolving and sometimes lacks in execution and

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<sup>12</sup> Anang Setiyawan and Ilham Aji Pangestu, 'Comparative Study on Development Policies of Startup Business in Indonesia and Singapore' (Conference: Proceedings of the First International Conference on Administration Science (ICAS) 2019)

<sup>13</sup> Dr Sunil Saxena et al., 'Corporate Social Responsibility as a Strategic Tool for Sustainable Growth: A Comparative Study of Startups in India and Southeast Asia' (2025) 21(2) *Journal of Asia Entrepreneurship and Sustainability* <<https://doi.org/10.53555/jaes.v21i2.35>> accessed 15 March 2026

<sup>14</sup> Charlotte Norrby and Sofia Åslund, *The Role of Venture Capital in Innovation Systems: A Case Study Comparing the Possible Risks and Rewards for Volvo Group Venture Capital Between Initiating Investments in China, India, Japan, Singapore, South Korea, and Taiwan* (Master's thesis, Chalmers University of Technology 2021)

inter-regulatory body coordination. Furthermore, inefficiencies arise from the absence of a cohesive legislative framework for start-ups<sup>15</sup>.

The Indian regulatory framework, most importantly, represents the dichotomy between regulation and promotion. While the laws aim to make individuals accountable, they sometimes require higher regulatory burdens that may act as a deterrent to start-ups. In the absence of specialized laws for start-ups, general company laws that may not be completely adequate for start-ups are applied. In general terms, the comparative study reveals that India has made significant progress in fostering startups; however, there is a need for significant changes to align the corporate structure of India with international best practices. For improving the competitiveness of the Indian startup ecosystem, there is a need for a regulatory strategy that is more flexible, simple, and innovative.

## **RECOMMENDATIONS AND POLICY SUGGESTIONS**

In light of the legal challenges which Indian startups face, there exists an urgent need for particular changes to the corporate legal system. Although the efforts made through the launch of ‘Startup India’ have helped improve the environment, there exists a need for further changes at the regulatory and legislative levels.

One of the major changes which have been proposed is the ease of compliance with the provisions of the Companies Act of 2013. A particular compliance system must be created for startups, especially with respect to governance, disclosure, and filing. The regulatory burden can be significantly reduced through the streamlining of the process, including a single-window compliance system.

Another change which must be made is with respect to the streamlining of taxation regulations, especially with respect to angel taxes and GST. In order to reduce uncertainty, the tax laws must be clearer, consistent, and stable. This will not only attract more investors but also provide a boost. It is also important that changes are made with respect to the investment and funding environment. The investor norms must be balanced with the need for flexibility, especially with respect to foreign investments and venture capital. This will not only provide a boost but also

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<sup>15</sup> Eulalia Skawińska and Romuald I Zalewski, ‘Success Factors of Startups in the EU—A Comparative Study’ (2020) 12(19) Sustainability <<https://doi.org/10.3390/su12198200>> accessed 15 March 2026

help entrepreneurs at different stages of growth. Moreover, a corporate governance mechanism is to be framed exclusively for startups. In the case of startups, a flexible mechanism has to be adopted, rather than imposing strict corporate governance codes on startups like those implemented in large corporations<sup>16</sup>.

Changes have to be incorporated in the area of insolvency and exit. The Insolvency and Bankruptcy Code 2016 has to be amended to include streamlined and expedited procedures exclusively for startups. Reducing the burden on startups in liquidation, this would have a positive impact on the business environment. Moreover, awareness and protection of intellectual properties have to be enhanced. The procedures for registering and protecting intellectual properties have to be made easier and less expensive for startups. The government schemes have to focus on enhancing awareness and providing legal assistance to entrepreneurs to protect their inventions.

Lastly, there is a need to strengthen policy implementation. Despite the implementation of various reforms, their effectiveness is often undermined by a lack of awareness and poor implementation. The effectiveness of existing legal frameworks would increase manifold by strengthening institutional support and ensuring proper implementation. Overall, the above recommendations highlight the need to develop a balanced policy to promote innovation and business development while ensuring regulatory supervision. To address the ever-evolving needs of the Indian start-up environment, a simple legal framework has to be developed.

## CONCLUSION

The start-up boom in India has been a significant factor in the development of innovations, economic growth, and the creation of jobs. However, this growth has also highlighted some of the most significant legal and regulatory challenges that exist in the field of company law. Though laws such as the Companies Act of 2013 and the Insolvency and Bankruptcy Code of 2016 provide a regulated environment for doing business, their application is often marred by regulatory challenges for entrepreneurs. In accordance with the findings of this study, regulatory

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<sup>16</sup> Dr Rita Devi and Rachna Bhopal, 'A REVIEW-BASED STUDY ON OPPORTUNITIES AND CHALLENGES OF START-UPS IN INDIA' (2023) 10(1) National Journal of Commerce and Management <[https://www.researchgate.net/publication/375957474\\_A\\_REVIEW-BASED\\_STUDY\\_ON\\_OPPORTUNITIES\\_AND\\_CHALLENGES\\_OF\\_START-UPS\\_IN\\_INDIA](https://www.researchgate.net/publication/375957474_A_REVIEW-BASED_STUDY_ON_OPPORTUNITIES_AND_CHALLENGES_OF_START-UPS_IN_INDIA)> accessed 15 March 2026

compliance, finance, taxation, business governance, exit strategies, etc., continue to be challenges for the development of start-ups. Though changes to these laws have provided a much more conducive regulatory environment through programs such as Startup India, there is still room for improvement in terms of their application. In accordance with comparative laws, the regulatory environment in India is also lacking in terms of the much-needed flexibility that is required for start-ups that are innovation-driven. For this reason, there is a need for a more streamlined regulatory environment for start-ups that is conducive to business. In order for India to develop a flexible regulatory environment that is conducive to start-ups, there is a need for legislative changes to be made to the laws that regulate start-ups.